

FEBRUARY 2003 AGENDA

AMENDATORY SECTION:

WAC 230-20-059 Minimum cash flow requirements for bingo games--Contributions to stated purpose -- Sanctions.

Bingo shall be conducted only as a social pastime or for fund-raising to support the stated purpose(s) of a charitable or nonprofit organization. Organizations licensed to conduct bingo games shall comply with the following procedures and limitations:

Contributions.

(1) To ensure that organizations licensed to conduct bingo games meet the intent of RCW 9.46.010 and provide funds adequate to promote charitable and nonprofit programs, such organizations shall not allow their bingo operation to award prizes or pay expenses to conduct bingo games that are excessive and all capital expenditures for the bingo operation that exceed six thousand dollars shall be specifically approved by the governing board.

An organization licensed to conduct bingo games shall ensure that the adjusted cash flow from the bingo operation available for its charitable and nonprofit programs is at least the following amount during each calendar quarter:

(a) For gross receipts above \$375,000 up to \$625,000 - 3% of gross receipts over \$375,000;

(b) For gross receipts above \$625,000 up to \$875,000 - \$7,500 plus 4% of gross receipts over \$625,000;

(c) For gross receipts above \$875,000 up to \$1,125,000 - \$17,500 plus 5% of gross receipts over \$875,000; and

(d) For gross receipts above \$1,125,000 - \$30,000 plus 6% of gross receipts over \$1,125,000.

Failure to meet the requirements of this subsection for any single calendar quarter shall not result in sanctions against the licensee.

Definitions.

(2) The following definitions shall apply to this section:

(a) "Gross receipts" shall mean the combined gross gambling receipts from bingo, pull-tab and punch board activities.

(b) "Adjusted cash flow from the bingo operation" shall mean the combined gross income of the bingo operation less all prizes and expenses, whether paid or accrued. For the purposes of computing expenses, depreciation or amortization, shall not be considered an expense of the bingo operation.

(c) "Bingo operation" shall mean bingo games and all associated activities conducted in conjunction with bingo games at the same location including punch boards, pull-tabs, ~~((raffles,))~~ snack bar, retail sales activities, ~~((and))~~ rental of the bingo premises and drawings authorized under WAC 230-20-242.

Sanctions for failing to maintain a positive adjusted cash flow.

(3) If a bingo licensee does not maintain a positive adjusted cash flow from the bingo operation during any two consecutive calendar quarters measured independently, it shall be deemed to be operating primarily for gambling purposes. In this event, the director shall summarily suspend the organization's bingo license.

Sanctions for failing to meet adjusted cash flow requirements.

(4)(a) If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any two consecutive calendar quarters, the licensee shall:

- (i) Develop a plan to gain compliance;
- (ii) Take immediate steps to reduce expenses and prizes paid and to increase income from all activities conducted in conjunction with the bingo game; and
- (iii) Report the plan and action taken to commission staff no later than sixty days after the end of the period. Such report shall be in writing and signed by the president or chief operating officer.

(b) If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any four consecutive calendar quarters, administrative action shall be taken to revoke the organization's bingo license (~~(: Provided, That adjusted cash flow requirements shall be adjusted for any variance granted under subsection (5) of this section.~~).

~~Petitions for variance.~~

~~(5) A bingo licensee may petition the commission for a variance in the following circumstances:~~

~~(a) A licensee who fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any four consecutive calendar quarters, but is within ten percent of those requirements, may petition the commission for a one-time variance based on their plans to gain compliance over the next four quarters.~~

~~(b) A licensee with long-term, legally binding financial obligations for its bingo facility as of the effective date of this rule, may petition the commission for a variance for a period of no more than two years based on their plans to gain compliance within the two years. This variance shall be in the form of a reduction to the dollar amount of adjusted cash flow required by subsection (1) of this section).~~